

Message Text

LIMITED OFFICIAL USE

PAGE 01 ROME 04624 281932Z

63

ACTION EUR-12

INFO OCT-01 IO-10 ISO-00 AID-05 CIAE-00 COME-00 EB-07

FRB-03 INR-07 NSAE-00 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 PA-01 PRS-01 USIA-06

STR-04 CEA-01 L-02 H-02 /076 W
----- 028279

R 281701Z MAR 75

FM AMEMBASSY ROME

TO SECSTATE WASHDC 0336

INFO USMISSION BRUSSELS

USMISSION GENEVA

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY VIENNA

USMISSION OECD PARIS

LIMITED OFFICIAL USE ROME 4624

E.O. 11652: N/A

TAGS: EFIN, IT

SUBJECT: ITALIAN INFLATION INSURANCE PROGRAM FOR EXPORTS

PASS TREASURY, PASS EXIMBANK; VIENNA FOR DIETZ

REF: A. ROME 3318 (NOTAL)

B. STATE 05892

1. SOME INFORMAGION ON ITALIAN INFLATION INSURANCE
PROGRAM REQUESTED (REF B) WAS ALREADY CONTAINED IN
EMBASSY'S REF A. FOLLOWING SUPPLEMENTS AND RECAPS
THAT INFORMATION AS REQUESTED IN REF B.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 ROME 04624 281932Z

2. PREMIUM SCHEDULE: ARTICLE 1 OF ITALIAN INTERMINIS-

TERIAL DECREE OF JULY 3, 1967 SPECIFIED MINIMUM AND MAXIMUM PREMIUM LIMITS (STILL IN EFFECT) FOR EXPORT PROGRAMS AT 0.10 PERCENT AND 1.25 PERCENT PER ANNUM.

3. PERCENTAGE RISK COVERAGE: ARTICLE 7 OF JULY 3, 1967 DECREE SPECIFIED LIMITS OF COVERAGE. COST CHANGES FROM 5 PERCENT TO 15 PERCENT ARE INSURABLE, WHEREAS COST INCREASES UP TO 5 PERCENT ARE TO BE COVERED BY EXPORTER ITSELF.

4. QUALIFYING REQUIREMENTS. (A) LEAD TIME: EMBASSY NOT CLEAR AS TO MEANING OF THIS REQUIREMENT. (B) MINIMUM AMOUNT OF CONTRACT: MINIMUM AMOUNT OF CONTRACT IS 300 MILLION LIRE (\$476 THOUSAND AT CURRENT 630 LIRA PER DOLLAR EXCHANGE RATE), (C) COMMODITY COVERAGE: NO RESTRICTIONS. (D) GEOGRAPHIC COVERAGE: ALL OTHER EC MEMBERS EXCLUDED. (E) MINIMUM CONTRACT PERIOD: SIX MONTHS.

4. COST OF PROGRAM IN 1973 AND 1974: EMBASSY ASSUMES COST OF PROGRAM MEANS AMOUNT OF CLAIMS PAYMENTS. ACCORDING TO INA, ONLY MODEST AMOUNT IN PAYMENTS FOR CLAIMS UNDER PROGRAM HAS BEEN PAID AS OF THIS DATE (LESS THAN 50 MILLION LIRE, OR APPROXIMATELY \$79,000 AT CURRENT LIRA/DOLLAR EXCHANGE RATE). HOWEVER, INA OFFICIALS EXPECT THAT "SUBSTANTIAL" AMOUNTS OF INDEMNIFICATION WILL BE PAID TO EXPORTERS UNDER PROGRAM DURING NEXT FEW YEARS.

6. AMOUNT AND PROPORTION OF EXPORTS WHICH BENEFITED FROM INFLATION INSURANCE PROGRAM IN 1973 AND 1974: INA OFFICIALS DID NOT MAKE AVAILABLE DETAILED FIGURES FOR 1973 AND 1974. IN AUGUST 1974 INA COMPLETELY SUSPENDED OPERATION OF INFLATION INSURANCE PROGRAM. INA OFFICIAL TOLD EMBASSY THAT IN 1974 APPROXIMATELY 6 TO 7 PERCENT OF GLOBAL ITALIAN EXPORTS WERE COVERED BY INA INSURANCE AND THAT OF THAT AMOUNT ONLY A "SMALL" PERCENTAGE WAS COVERED WITH INFLATION RISK INSURANCE. INA OFFICIAL SAID USE OF THIS INFLATION PROGRAM WAS EXTENSIVE IN RECENT YEARS PARTICULARLY WITH REGARD TO ITALIAN EAST EUROPEAN TRADE, SINCE VARIABLE PRICE CONTRACTS WERE MOST DIFFICULT TO NEGOTIATE IN THESE TRADING COUNTRIES. THE EC EXCLUSION, LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 ROME 04624 281932Z

OF COURSE, SHARPLY REDUCED THE AVAILABILITY OF THE COVERAGE TO ITALIAN EXPORTERS.

7. FORECASTED OPERATIONS FOR 1975. INA COMPLETELY SUSPENDED ITS INFLATION INSURANCE PROGRAM IN AUGUST 1974 AND DOES NOT INTEND TO RESTORE AVAILABILITY OF COVERAGE IN "IMMEDIATE FUTURE."

8. POSSIBLE DISCUSSION IN BERNE UNION: IN RESPONSE TO EMBASSY QUESTION, INA OFFICIAL INDICATED THAT FRENCH, BRITISH, AND ITALIANS INTEND TO DELIVER A PRO MEMORIA TO THE US AT THE JUNE BERNE UNION MEETING COVERING THEIR RESPECTIVE INFLATION INSURANCE PROGRAMS. THE INA OFFICIAL WAS HOPEFUL A SINGLE PRO MEMORIA WOULD BE PRESENTED BUT SAID IT WAS EQUALLY LIKELY THAT THREE SEPARATE PRO MEMORIAS WOULD IN FACT BE DELIVERED. BEAUDRY

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, NEGOTIATIONS, EXPORT INSURANCE, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Draft Date: 28 MAR 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GolinoFR
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975ROME04624
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750109-1054
From: ROME
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t1975036/aaaaaafs.tel
Line Count: 123
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 75 ROME 3318
Review Action: RELEASED, APPROVED
Review Authority: GolinoFR
Review Comment: n/a
Review Content Flags:
Review Date: 07 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <07 APR 2003 by KelleyW0>; APPROVED <08 APR 2003 by GolinoFR>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ITALIAN INFLATION INSURANCE PROGRAM FOR EXPORTS PASS TREASURY, PASS EXIMBANK; VIENNA FOR DIETZ
TAGS: EFIN, IT
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006